



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

THE AMERICAN ECONOMIC ASSOCIATION
1885—1909.With Special Reference to Its Origin and Early
Development.

AN HISTORICAL SKETCH.

RICHARD T. ELY

The American Economic Association was born September 9th, 1885, and we are gathered to celebrate its quarter centennial in the same place and at the same time that the American Historical Association celebrates its quarter centennial, although our Historical brothers founded their Association a year earlier. This compromise in our favor we graciously accept. We are glad that our colleagues in this related field of knowledge so readily perceive that twenty-four years of our life are equal to twenty-five of theirs.

It is my purpose in this paper to give an historical sketch of the genesis and development of the American Economic Association. The entire history cannot be presented at this time and its preparation is a more formidable undertaking than I had at first anticipated; for after all it includes the greater part of the history of economics in the United States. What is of special significance is the preparation of the history of the foundation of the Association and of its earlier days. The time is ripe for such a history based on documents and recollections, the latter to be tested by reference to the participants for critical examination, the chief actors in this early history being nearly all still alive—fortunately still active and vigorous—for the founders were young men of twenty-five to thirty or thereabouts, and now it cannot be denied twenty-five years older. It is my purpose to present such a history—but pray do not be

alarmed—only a minor part of it now. All the details could scarcely be followed in a spoken address, which would also be prolonged beyond all reasonable length. Should I attempt it, perhaps the speaker would still be speaking when the rays of the morning sun should be breaking—and you—where would you be? What especially interests us here and now we find in the more general features—the broad outlines—the essential significance of the foundation of the Association. My colleague in the Johns Hopkins University, the late Professor H. B. Adams, most helpful in the organization of our Association, used to urge brevity upon his sometimes too prolix students—the budding historians who have taken twenty-five and a half years to live twenty-five; and in exhorting them to get at the heart of things would say: “Now let us have the milk in the cocoanut!”

What did the American Economic Association mean to those who established it? They declared their purposes at the time in a constitution of which the most significant parts were included under “Objects” in Article II, and under “Statement of Principles” in Article III.

The objects do not require any very lengthy treatment, although each one of them had a real significance at the time. They were:

1. The encouragement of economic research.
2. The publication of economic monographs.
3. The encouragement of perfect freedom in all economic discussion.
4. The establishment of a Bureau of Information designed to aid members in their economic studies.¹

¹The Bureau of Information performed a very useful function for a number of years in aiding members scattered throughout the country in the selection of works on topics in which they were interested, in giving information about leading thinkers on various

The much debated and still more misunderstood "Statement of Principles" reads as follows:

ARTICLE III.

STATEMENT OF PRINCIPLES.

1. We regard the state as an agency whose positive assistance is one of the indispensable conditions of human progress.

2. We believe that political economy as a science is still in an early stage of its development. While we appreciate the work of former economists, we look not so much to speculation as to the historical and statistical study of actual conditions of economic life for the satisfactory accomplishment of that development.

3. We hold that the conflict of labor and capital has brought into prominence a vast number of social problems, whose solution requires the united efforts, each in its own sphere, of the church, of the state, and of science.

4. In the study of the industrial and commercial policy of governments we take no partisan attitude. We believe in a progressive development of economic conditions, which must be met by a corresponding development of legislative policy.

NOTE: This statement was proposed and accepted as the general indication of the views and the purposes of those who founded the American Economic Association,

sides of controverted questions, in giving suggestions as desired in regard to courses of reading, and in answering all sorts of questions in relation to economics. It supplied a real need at a time when there were comparatively few economists in the country, and, compared with recent years at least, a very meager American literature, while a great many desired to improve their education in economics. The Bureau was practically the secretary's office, and added materially to his duties; but he felt well repaid in fostering in this way the rapidly growing interest in economics.

but it is not to be regarded as binding upon individual members.

But constitutions require interpretation. We do not understand their real meaning until we know how they come into being. Written records give us three stages in the evolution of our Statement of Principles, followed by its final disappearance which we may perhaps call its fourth stage—if non-existence is a stage of existence.

Before the American Economic Association was born, Dr. Edmund J. James, assisted by Professor Simon N. Patten, proposed the formation of an organization to be called the Society for the Study of National Economy. The draft of a constitution which was worked up by these two gentlemen reads as follows:

SOCIETY FOR THE STUDY OF NATIONAL ECONOMY.

It is the purpose of the Society for the Study of National Economy to promote the following ends:

1. To encourage the careful investigation and free discussion of the special problems of our national economy.

2. To secure the publication of economic monographs prepared by men whose special training for the work will ensure such a treatment of the subject as will be worthy of public attention.

3. To combat the widespread view that our economic problems will solve themselves and that our laws and institutions which at present favor individual instead of collective action can promote the best utilization of our material resources and secure to each individual the highest development of all his faculties.

Believing that an organization of those who favor these objects will assist in promoting their growth and recognizing that a general unity of sentiment is necessary to a hearty coöperation, the Society has adopted the following platform to indicate its general attitude toward our social and economic problems.

- I. The state is a positive factor in material production and has legitimate claims to a share of the product. The public interest can be best served by the state's appropriating and applying this share to promote public ends.

- II. Sovereignty resides in the people and is one in its nature, whether exercised by a local or general government. The actual economic and social conditions of a country determine whether is-

sues are of a local or national importance and whether, therefore, a given function should be assigned to municipality, state, or nation. The constitutional distribution of powers should conform to that distribution most in harmony with the social and economic conditions of the country.

III. True economy in government affairs does not necessarily consist in a reduction of public revenues, but in such a distribution and administration of public expenditures as will in the most efficient manner promote public ends.

Good administration cannot be expected in a society where the people view the state as a merely negative factor in national life, and where, therefore, they attempt to remedy administrative evils by limiting government action instead of purifying and rendering efficient government service. Our own history proves that attempts to secure economy by diminishing public expenditure and to better legislation and administration by narrowing the scope of their action result in a marked deterioration in the character and ability of the men who make and administer our laws.

The true method of obtaining purity and economy in our administration is through the assumption of its proper functions by the state, since the consequent importance and dignity of government service would force public attention, attract the best class of citizens to the consideration of public affairs, and necessitate the greatest economy in administration.

IV. Our present educational system has failed to maintain that standard of intelligence and industrial efficiency below which no community can allow its members to fall without impairing the rights and endangering the welfare of other communities.

Its defects are owing partly to the selfishness and partly to the inability of local authorities. We are therefore compelled to look to the national government to protect the rights and interests of the whole against the shortsightedness and selfishness of the parts, and to supplement by national grants of money the efforts of each locality.

V. The present problems of our economy which arise from the increasing differentiation of the laboring and capitalist classes must be studied and solved with reference to the general interest of the community as opposed to the interest of either or both classes.

Public interest demands that the sanitary and industrial conditions of the laborer shall be such as will enable him to develop in himself and perpetuate in his family the qualities necessary to make him a desirable citizen of a great republic. Such conditions can only be realized when the laborer has an adequate compensation and such limitations of the hours of labor as will leave him opportunity for mental and moral growth and thus prevent him

from sinking into a mere mechanism. The utilization of our material resources demands that the qualities upon which the accumulation of capital depends shall be developed in every class of society. The growth of such qualities is hindered by existing laws, which favor that type of production on a large scale which can flourish only by combining large capital in a few hands with cheap and inefficient labor instead of that system which would naturally grow up in our national economy of smaller industries so distributed as best to utilize our material resources.

It is the duty of the state to enforce those measures which will assist in realizing all the conditions of a sound industrial system against both the greed of the capitalist and the shortsightedness of the laborer.

VI. The arbitrary discrimination of our transportation companies not only violates the acknowledged rights of individuals and communities, but also tends to develop an artificial organization of industry by which labor and capital are diverted from those points having natural advantages to such as are favored by the interest or caprice of great corporations. It is only by government intervention that these rights can be maintained against the encroachment of great corporations actuated only by private interest; and until they have been secured it will be impossible to develop a sound industry.

VII. The best development of our national resources demands that a certain proportion of the surface of the country be covered with forests; that a suitable rotation and variety of crops be observed; that the most approved machinery be applied; and that the best breeds of live stock be utilized. To attain these ends it is necessary that the land of the country shall be in the hands of a class of resident owners who possess capital enough of their own to equip the farms adequately and to develop their resources in the best manner. Our present system of land laws permits individuals and localities, led by motives of private interest, to reduce the amount of forest land below the proportion which it should bear to arable land. They favor the acquisition of the land either by a class of farmers so inadequately supplied with capital that the pressure of present indebtedness compels them to adopt a system of culture which, looking to present gains, exhausts the soil; or by a class of non-resident owners in whose interest that type of tenants is developed, who, with a low standard of life, can obtain from the soil the greatest return for the landlords. It is the duty of the state to insist that in every locality there shall be reserved for forests such a proportion of its area as the public welfare demands, and to change our present laws so as to favor the acquisi-

tion of the land by those whose interests in management will coincide with those of the public.

VIII. The vast extent of our territory and the great variety of our soil and climate clearly indicate that the prosperity of each section can be best promoted by developing its own peculiar resources and relying on other sections for those commodities in the production of which it is naturally at a disadvantage, while the increasing interdependence of all the parts of our industrial economy upon one another makes it impossible for the industries of one section to be developed to the highest extent except upon the basis of a similar development in those of every other section. It is therefore to the interest of each locality to favor a close economic union with other localities and to lend material aid in developing their resources. Among the most obvious methods of serving the common interest are the following:

1. The collection and dissemination of information in regard to national industries and the best manner of developing them.

2. A careful investigation of our mineral and agricultural resources by means of accurate surveys of the geology, flora, and fauna of our territory, so that we may best economize our mineral wealth, discover injurious animals and plants, prevent their propagation, and preserve and develop those which are likely to prove useful.

3. The establishment of experimental stations where new processes may be discovered and tested, new industries developed, and the relative value of different crops and breeds of animals may be determined.

4. The positive encouragement of the introduction of the best processes and the most suitable crops and live stock by the establishment of expositions and fairs, and by such bounties and exemptions as seem best calculated to secure the desired end.

While individuals and societies may contribute something toward these results, yet, owing to the haphazard character of their efforts, no adequate assistance can be expected from them. It is, therefore, not only beneath the dignity of a great nation, but also contrary to its interest, to rely upon the charity of its individual members for the promotion of so necessary an end as the symmetrical development of its material resources.

The main points in the constitution of their proposed Society are the encouragement of investigation, and free discussion; a vigorous protest against the *laissez-faire* philosophy both in general and in various particulars mentioned; the insistence that economic functions should

be distributed among municipalities, states, and nation in harmony with our social and economic conditions; emphasis upon the nation in educational matters; a statement of the belief that the state (in its generic sense), that is, the collectivity, is rightly entitled to a share in the social dividend because "it is a positive factor in national production;" a declaration that this share should be used to promote public ends and that "our own history proves that attempts to secure economy by diminishing public expenditures and to better legislation and administration by narrowing the scope of their action result in a marked deterioration in the character and ability of the men who make and administer our laws;" progressive labor legislation; government control (not ownership) of transportation companies; especially to be mentioned, the elaboration of the idea of the wasteful use of our national resources and clear emphasis upon the importance of conservation; finally, we may notice, the declaration in favor of industrial as well as agricultural experimental stations.

Among the "Ends" notice number three: "To combat the widespread view that our economic problems will solve themselves and that our laws and institutions which at present favor individual instead of collective action can promote the best utilization of our national resources and secure to each individual the highest development of all his faculties."

One especially important paragraph in this draft of a constitution is the following: "Believing that an organization of those who favor these objects will assist in promoting this growth, and recognizing that a general unity of sentiment is necessary to a hearty coöperation, the Society has adopted the following platform to indicate its general attitude towards our social and economic problems."

It was proposed to organize a society of persons of a similar economic and social philosophy, on the one hand to carry on further scientific studies, and on the other hand to work for general betterment along indicated lines. The elaborate declaration of principles, I am positive, was not looked upon by its authors as a creed binding even upon themselves for a day

The proposed organization, "The Society for the Study of National Economy", did not meet with sufficient encouragement to lead to its formation.² But having already become interested in the idea of an association of American Economists, the present speaker in consultation with friends and colleagues undertook to draw up another statement of "Objects" and "Declaration of Principles" and to enlist the support of his fellow economists. In this he was especially assisted by his colleague, the

²I find in my correspondence prior to the formation of the American Economic Association only two allusions to the proposed "Society for the Study of National Economy", and one of them is in a letter from Dr. Patten. The principal effect of this society would seem to be that it was in a sense preparatory, a stirring of the soil, and also that it may have exerted an influence on me in my draft of the Statement of Principles; and exactly how great that was I cannot say after all these years. I can, however, safely say that my effort was not all a rival one. I had already intended to endeavor to form an association of American economists before the effort of Dr. James and Dr. Patten took any definite shape. That sort of thing was in the air, so to speak, at the Johns Hopkins University and was encouraged by the authorities there. When, however, they sent out their draft of a constitution, I held back until it became absolutely certain that success could not be achieved along that line; and then took the initiative again. All this is a minor matter and perhaps of antiquarian interest only; but it is well, if it is mentioned at all, that we should have the precise historical truth.

As an indication of thoughts stirring in the minds of young Americans who were more or less pioneers, the draft of the constitution of the proposed Society for the Study of National Economy has very great significance in the history of economic thought.

late Professor H. B. Adams, who the year before had been chiefly instrumental in organizing the American Historical Association. Adams had a genius for organization and was probably never happier than when bringing an institution into existence. Dr. James also coöperated most generously and effectively, never expressing the slightest concern for any egoistic ends, but simply for the grand purpose. No one was more energetic and loyal in coöperation, more diligent in assistance in every detail, than Dr. E. R. A. Seligman; and numerous others may be mentioned and are mentioned in No. 1 of the Publications of the American Economic Association, which consists of the Secretary's "Report of the Organization of the American Economic Association."

But we are anticipating somewhat the march of events. It seemed that one reason why the proposed Society for the Study of National Economy did not come into existence was what was felt to be an undue elaboration of aims, but there was apparently a good deal of sympathy with the main thoughts of the program—with its underlying economic philosophy—consequently, in drawing up a Statement of Objects and Declaration of Principles for a society to be called "The American Economic Association", I made a much simpler program, but one in general harmony with the social philosophy of James and Patten, although differing at least in two important particulars: (1) my statement emphasized historical and statistical study rather than deductive speculation; (2) my statement laid less stress upon government intervention and was "toned down" in the direction of conservatism on the whole. The prospectus sent out reads as follows:

AMERICAN ECONOMIC ASSOCIATION.

OBJECTS OF THIS ASSOCIATION.

- I. The encouragement of economic research.
- II. The publication of economic monographs.
- III. The encouragement of perfect freedom in all economic discussion.
- IV. The establishment of a bureau of information designed to aid all members with friendly counsels in their economic studies.

PLATFORM.

1. We regard the state as an educational and ethical agency whose positive aid is an indispensable condition of human progress. While we recognize the necessity of individual initiative in industrial life, we hold that the doctrine of *laissez-faire* is unsafe in politics and unsound in morals; and that it suggests an inadequate explanation of the relations between the state and the citizens.

2. We do not accept the final statements which characterized the political economy of a past generation; for we believe that political economy is still in the first stages of its scientific development, and we look not so much to speculation as to an impartial study of actual conditions of economic life for the satisfactory accomplishment of that development. We seek the aid of statistics in the present, and of history in the past.

3. We hold that the conflict of labor and capital has brought to the front a vast number of social problems whose solution is impossible without the united efforts of church, state, and science.

4. In the study of the policy of government, especially with respect to restrictions on trade and to protection of

domestic manufactures, we take no partisan attitude. We are convinced that one of the chief reasons why greater harmony has not been attained is because economists have been too ready to assert themselves as advocates. We believe in a progressive development of economic conditions which must be met by corresponding changes of policy.

A mimeographed circular containing the draft of a constitution was distributed widely among the economists who might be supposed to be in sympathy with it, generally among the younger group of economists; and it was proposed to gather at Saratoga in September 8-11, 1885, in connection with the American Historical Association (to which nearly all the economists belonged), in order to form our Association. The response to the invitation was general. On September 8, a call signed by H. C. Adams, J. B. Clark, and R. T. Ely, was read at a public meeting of the Historical Association, and the call invited those interested to meet at the Bethesda Parish Building, at 4 p. m. of that day to take into consideration plans for the formation of an American Economic Association. The printed report mentions the following as names of those who among others were present: Hon. Andrew D. White, President C. K. Adams, Professor H. C. Adams, Professor R. T. Ely, Professor E. J. James, Rev. Washington Gladden, Professor E. Benjamin Andrews, Rev. Samuel W. Dike, Professor J. B. Clark, Mr. V. B. Denslow, Professor Alexander Johnston, Dr. E. R. A. Seligman, Professor H. B. Adams, Mr. F. B. Sanborn, Miss Katharine Coman, Mr. Davis R. Dewey, Edward W. Bemis, Ph.D., Mr. John A. Porter, Clarence Bowen, Ph.D., Professor Herbert Tuttle, Hon. Eugene Schuyler.

The meeting was called to order by Dr. James, Professor H. C. Adams was made temporary chairman, and

the present speaker temporary secretary. The acting secretary read a paper elaborating his ideas as to the objects and platform, and this was followed by an animated discussion in which a variety of opinions found expression. This is already a matter of record.³ Several were entirely prepared to accept the proposed draft as read, but others thought a modification wiser, and it was referred for consideration to a committee consisting of five members, namely, H. C. Adams, Washington Gladten, J. B. Clark, Alexander Johnston and R. T. Ely; and at the same time a committee on organization was appointed by the chair consisting of E. J. James, H. B. Adams, and E. B. Andrews.

The next meeting was held at 4 p. m., September 9, 1885, also in the Bethesda Parish House. The chairman of the Committee on Organization presented a plan which, with slight modifications, was adopted. The Object and Statement of Principles as revised by the committee were slightly modified as a result of the debate on their passage, and were adopted in the form already read to you.

And the American Economic Association was born September 9, 1885. On September 10, the following officers were elected:

President, Francis A. Walker, LL.D.,

Massachusetts Institution of Technology.

First Vice-President, Henry C. Adams, Ph.D.

University of Michigan and Cornell University.

Second Vice-President, Edmund J. James, Ph.D.,

University of Pennsylvania.

Third Vice-President, John B. Clark, A. M.,

Smith College.

Secretary, Richard T. Ely, Ph.D.,

Address Johns Hopkins University, Baltimore, M. D.

³ Pub. of the Amer. Econ. Assn., Vol. I, No. 1.

Treasurer, Edwin R. A. Seligman, Ph. D.,
Columbia College; address 26 West 34th Street,
New York.

It should be noticed that our Statement of Principles was never regarded as a creed. In the report of the secretary on the Organization of the American Economic Association, I find the following words: "This platform, it must be distinctly asserted, was never meant as a hard and fast creed, which should be imposed on all members, and least of all was it intended to restrict the freest investigation." If any one ever signed the Statement of Principles, it must have come to my notice, as I held the position of secretary for the first seven years, and I feel safe in saying that absolutely no one ever signed it, and that no officer of the Association ever asked any one to sign it. It was not intended to be signed and this reply was made by the secretary when once or twice a willingness to sign was expressed. The "note" printed with the constitution^{3a} precisely expresses the situation.

The Statement of Principles, it will be observed, was a compromise and one in behalf of catholicity. First we have the detailed declarations of Professors James and Patten; then the broader and more general "Platform" proposed by the secretary; and finally the "Statement" adopted; each modification representing what has been called a "toning-down" process. The change was in deference to the fact that various views were represented in our membership and still more in the membership we hoped to get. We were anxious to win the great body of economists. While not all of the original members may have held precisely the views expressed in the "Statement of Principles", all certainly felt at home and comfortable in the Association; and it was hoped and expect-

^{3a} See page 49.

ed that the Statement would oppose no barrier among students who similarly held the less pronounced views. We all considered ourselves scientific investigators and not propagandists.

What was its purpose then? Let us be perfectly frank. It had an inclusive as well as an exclusive aim. Like the earlier statement in the proposed Society for the Study of National Economy, it aimed to gather together like-minded men, congenial men who it was supposed could profitably work together. Not every economist was at first asked to join, although no economist who expressed a desire to join was refused enrollment. Our statement has doubtless puzzled and perplexed many because, looking upon it as a creed, they asked themselves, "How could this creed proceed from those animated by scientific ideals of freedom?" It was, however, simply a statement showing conclusions which up to that time those of us who were most instrumental in founding the Association held. Along with our scientific aspirations, as already stated, we had as a general aim the accomplishment of practical results.

"When I was five and twenty", said Nassau Senior, "I determined to reform the condition of the poor in England." Thornton who quotes this in the preface to his book on labor, adds:

"When I was myself about the same age, I conceived, not indeed the same ambitious design, but much the same desire as that which it implies. More than five-and-twenty years have passed since then, and it is somewhat sadly now, with sexagenarianism at no great distance, that I contrast the insignificance of performance with the magnificence of youthful projects. But the passion of a life is not to be extinguished by any failures that do not extinguish life itself, and so long as any strength is vouchsafed to me, so long shall it be cheerfully devoted

to continued search after a cure for human destitution.”⁴

Doubtless some such thought as this may have animated at least a few of those who were present at the foundation of our Association. Perhaps if any of us were quite as ambitious we should not like to acknowledge it now that we are in middle age,—or, as one of our presidents says less flatteringly, “Now that we are old duffers.”

Certainly a practical purpose was dominant among those who were in control at the time. There was a striving for righteousness, and perhaps here and there might have been one who felt a certain kinship with the old Hebrew prophets. Another element perhaps laid more emphasis upon correct thought, holding that so long as men think correctly we need not concern ourselves with their action. Certainly everyone was animated by the love of truth for its own sake. Undoubtedly a dominant note was then to do things practically and scientifically and bring to pass results.

This Statement of Principles then was a point of union to bring together those of like aims and to keep out others at least from leadership. As a matter of fact, our Statement did arouse enthusiasm and it did furnish a motive force which very soon gave us an influential position.

Rightly or wrongly to many, the Statement of Principles seemed like a proclamation of emancipation. At this time the enthusiasm with which we were greeted may appear a little difficult to comprehend. But a few quotations will help older men to recall their earlier impressions and the younger to understand the situation at the time. The following five quotations are from letters received by the first secretary before the Saratoga

⁴P. 1 of Preface to first edition of Thornton's "On Labor, Its wrongful claims and rightful dues, Its actual present and possible future."

meeting and were replies to a request to join the movement to organize the American Economic Association on the basis of the prospectus sent out giving "Objects" and "Platform."

Dr. Albert Shaw, then editor of the Minneapolis Tribune, wrote: "The time is ripe for the movement. . . . It seems to me the society will be a decided success from the start."

Professor Henry C. Adams of Michigan expressed himself as follows: "The more I think of the project you have set on foot, the more I am convinced that it is timely, and that the association may be made the centre of a marked influence upon economic thought."

Dr. Washington Gladden said: "I hope to coöperate in the organization of your society, in which I am deeply interested."

Professor J. B. Clark, then of Smith College, wrote: "The plan proposed is quite in line with my views and wishes. I shall be glad to be counted in in such an organization."

President White of Cornell: "I agree with you entirely that the *laissez-faire* theory is entirely inadequate to the needs of modern states. I agree, too, entirely with the idea that we must look not so much to speculation, as to an impartial study of actual conditions of economic life, etc. In fact I like your whole statement, and I hope to connect myself with your association after my return from Europe—probably next summer."

After our organization Dr. Elisha Mulford, author of "The National", a book which in its day exerted a marked influence, wrote as follows: "No recent invitation has given me more pleasure than yours to join the American Economic Association. I subscribe to its articles. It places us in the same plane with all the greater

universities and with the age. In the transitions of thought, none has been more significant than the humanization of political economy. Now, as Mr. Toynbee says: 'the long controversy between the economists and human beings has ended in the conversion of the economists.' "

Why this jubilation? Why this feeling of emancipation? It was felt by many that political economy was opposed to the recognition of any ethical element in our economic life, that it opposed all *social* reforms for social uplift as futile, that it exalted into a principle of economic righteousness the individual and unrestrained pursuit of self-interest, that it almost deified a monstrosity known as the economic man, that it looked upon *laissez-faire* as a law of beneficent providence, and held that free trade must be received as an ethical dogma, being a practical application of the command, "Thou shalt not steal", for here inconsistently an ethical principle was admitted as all-controlling. Now let it be said that no support, or at any rate very little support, for such views could be found in the writings of the great economists of England or any other country; but a false and undue emphasis of certain teachings of the masters had led to this misapprehension; and for this one-sided development, popularization and the exigencies of practical politics were largely responsible. Hence when the recognition of evils was proclaimed as in harmony with science, when it was proposed to examine the actual situation of the wage-earner and to reason on the basis of observation, when it made known that a body of economists were prepared to examine free trade and protection scientifically and not dogmatically, and that economics embraced the whole of the economic life; the simple message, which now no one would think it neces-

sary to proclaim, produced an impression and aroused an enthusiasm which can be understood only by those who by the aid of the scientific imagination work their way back to the situation of 1885.

Some of the younger men not present at the founding of our Association have regarded the controversy about inductive and deductive method as a barren and fruitless one. It is because they did not understand the situation at that time. There was opposition to historical, statistical study as an essential means of discovering economic truth, and emphasis was laid upon the so-called historical method because at that time it was necessary. Here and there it may be undue emphasis was laid upon this, because, as Adam Smith says, "when the twig is bent too much in one direction it is necessary to bend it in the other to make it straight." It is only those who fail to realize the situation at that time—so hard to understand at the present—who can regard as futile and meaningless the controversy regarding induction and deduction, statistical and historical method.

Professor W. W. Folwell, one of our most loyal members and supporters—one who, loved of all, has in his retirement the good wishes of our entire body—attempted in our early days to organize a branch of our Association in Minneapolis and found effective opposition in the antagonism of university men who had learned economics as it had been very recently taught in our schools. Professor Folwell wrote me as follows in explanation of his failure: "The opinion prevails far too widely that political economists must be mere doctrinaires and must contend for some set of opinions and some course of policy. Critical study of phenomena is as unpopular as free thinking in religion." It takes a quotation such as this to bring before us and make us realize a condition

seemingly as remote from us as the pyramids of Egypt, and yet a condition which as a matter of fact existed in some quarters less than twenty-five years ago.

One may also examine the files of contemporary periodicals to see the alarm the statistical and historical method aroused. This method may have been advocated with too much confidence and in too exclusive a spirit—perhaps in some cases with a provoking cocksureness and an irritating assumption of superiority. And doubtless this was responsible for a certain antagonism. It seemed to some radical in theory, and the conclusion was drawn that it must be radical in practice. Hence the alarm in some quarters. Now everyone, of course, knows that it leads to essentially conservative conclusions in practice.

At the same time, it is curious to notice the trend of events with respect to the use of the deductive and inductive method in economics. Professor Patten at the outset protested in correspondence against the emphasis upon the inductive method and historical study, although always one of the most enthusiastic supporters of the Association. In recent letters he expresses the view that when we returned from Germany “we overestimated the use history would be to us in our struggle. We had the right idea but our training started us in a wrong direction. We also had no idea of the richness of the American material that was at hand.” He also takes up the works of the various leaders in the formation of the Association and calls attention to the fact that deduction and speculation are prominent elements in them, while history has been very little cultivated by our founders.

Time has also produced other changes. Some of the conservatives and radicals, it has been said, have moved in opposite directions and have approached each other—

perhaps even passed each other in their opposite movements. Perhaps now it would not be possible to say of any one of the great American universities that it stood in a distinctive sense either for progressive or conservative economic thought.

Let us consider briefly the circumstances under which the American Economic Association was organized. New life was stirring in the country. It was frequently said that we were living in a new economic world, and such in fact was the case. Great epoch-making events of an economic character were then recent. Twenty years earlier the Civil War had closed, and had brought with it most momentous economic problems which were far from solution, and some of which still vex us and doubtless will vex us for generations to come. The great crisis of 1873 was still more recent. The money question was still alive and, although specie payments had been resumed in 1879 and the greenback question was disappearing, the silver question was looming larger and larger. Great strikes were then recent, and the organization of capital and labor was proceeding apace.

The need of scientific treatment of economic questions was keenly felt at this time by our leaders of thought. Political economy as it had been taught in the American colleges and universities up to that time was, generally speaking, rather barren. Sometimes it was called the "dismal" science and sometimes "dry bones." Both of these imply exaggeration, but they show at the same time the position our subject occupied in the public mind. Generally speaking, the ordinary man looked upon political economy as chiefly occupied with a controversy between protection and free trade, and he assumed that every orthodox political economist must be a free trader. Otherwise the great message of political economy was

laissez-faire, *laissez passer*, get out of the way, don't interfere with business, let natural laws rule. The whole thing was reduced to comparatively few formulas and certainly did not arouse the enthusiasm of American youth.⁵

The young men who gathered at Saratoga in 1885 to form the American Economic Association had very generally returned from Germany about 1880. Ideals of freedom were strongly cherished and very precious to us all. So as not to commit others I will describe my own feelings as a student of economics in Germany, but I believe I speak for many others. I had the feeling when I went there that I had entered into a new heritage of freedom, and a certain joyous expansion was one of the most pronounced feelings which I experienced. There

⁵ As indicative of the opinion of our chosen leader in these early days, the following quotation from the "Opening Address" of President Walker, delivered at our Third Annual Meeting, in Philadelphia, December 1888, is noteworthy:

"Yet, while *Laissez-Faire* was asserted, in great breadth, in England, the writers for the reviews exaggerating the utterances of the professors in the universities, that doctrine was carefully qualified by some economists, and was by none held with such strictness as was given to it in the United States. Here it was not made the test of economic orthodoxy, merely. It was used to decide whether a man were an economist at all. I don't think that I exaggerate when I say that, among those who deemed themselves the guardians of the true faith, it was considered far better that a man should know nothing about economic literature, and have no interest whatever in the subject, than that, with any amount of learning and any degree of honest purpose, he should have adopted views varying from the standard that was set up.

"Such intolerance was not necessarily due to bigotry. It was, the rather, involved in the very nature of the *Laissez-Faire* doctrine. If that was true, there was no reason why an economist should have any professional communion or intercourse with an outsider. No good could come of it but only a possible weakening of faith on the part of disciples and a certain encouragement to heresy." *Pub. of the Amer. Econ. Ass'n*. Vol. IV, pp. 254-5.

was a free and large spirit on the part of professors of economics in the Fatherland, as well as other professors in the German University, to which I had not been accustomed. I felt that in the atmosphere of the German universities there was room for growth and encouragement of the development of individuality, which was something new to me.

We were generally impressed with the sterility and barrenness of the old economics as taught us in our college days. We became weary of the controversies, the wordy conflicts over free trade and protection, and the endless harangues over paper money which seemed to us to savor more of political partisanship than of scientific inquiry; and we had little patience with a press that knew of no other public issues. We found, or thought we found, in control conceptions of orthodoxy, and we were generally prepared to fight any such conceptions as not belonging to the realm of science. When I said that we were prepared to fight these conceptions, I recognize the pugnacious element; and it might as well be acknowledged that this element was present. How generally our members were belligerent I cannot attempt to say. Certainly more than one felt prepared to fight. We were young and had the pugnacity of youth. We felt called upon to fight those who, rightly or wrongly, we believed, stood in the way of intellectual expansion and of social growth. But something more than this may surely be said. Some of us felt that men who thought as we did were denied the right to exist scientifically, and this denial we believed to proceed from certain older men able to exercise a very large influence over thought, particularly thought in university circles. Very soon we felt that we had won our battle so far as the right to exist scientifically was concerned, and our pug-

nacious temper rapidly fell, certainly to below the boiling point.

My own experience is perhaps typical. I had been taught political economy in this same Columbia University which now occupies so high and distinguished a position in this branch of knowledge among all the universities of the world. Our teacher was an excellent man upon whom I look back with affection and admiration, and from whom in some other subjects I learned a great deal. In addition to political economy, however, he taught English literature and philosophy. He was especially strong in the Scotch common sense philosophy as taught by his own master, Sir William Hamilton, had a considerable knowledge of English literature, and excellent taste. In political economy, however, he assigned us Mrs. Fawcett's "Political Economy for Beginners." Each week we had one chapter and were asked in the recitation the questions at the close of the chapter. As I look back upon it, I feel that more harm than good was accomplished. We really gained no useful knowledge, and perhaps were left with an insufficient appreciation of our own ignorance.

Graduating from Columbia in 1876, the following year I went to Germany to carry on my studies. About this time or a little later, Professor Farnam, Professor E. J. James, Professor Simon N. Patten, Professor E. R. A. Seligman, Professor J. B. Clark, and many others went to Germany also. There we found that political economy was a large and inspiring subject, and we came back with a two-fold message—a scientific message and a practical message.

The *Verein für Sozialpolitik* organized in 1873 (but preceded by the celebrated *Eisenacher Versammlung* of 1872) had an appreciable influence on the minds of many

of those most active in the formation of our Association, and some of us unquestionably felt towards certain older economists and publicists of the country much as Professor Schmoller said that he and his associates felt toward the so-called "Manchester" men of his day, who had organized the *Volkswirtschaftlicher Kongress*. In his opening address at Eisenach, October 6, 1872, Professor Schmoller said of those who controlled the *Volkswirtschaftlicher Kongress* that they were opposed to all plans of reform "which did not harmonize with their one-sided doctrinaire principles; they did not admit the existence of a labor question; to speak of such implied either a confusion of thought or demagogic incitement to discontent; wage-earners had all that they needed; the one who did not advance was personally to blame." But he said a school with other views had arisen, and, instead of trying to pour new wine into old bottles, the right thing was to proceed independently and to form a practical unified organization for those who shared these new views in order to produce the desired effect on public opinion and legislation. Now the *Verein für Sozialpolitik* had as its aim practical reform in factory legislation, taxation, private corporations, industrial insurance, etc. But our aim was two-fold,—scientific and practical,—and the former quite as much as the latter. The immediately practical side of our proposed activities was seen in the provision in our by-laws for the appointment of standing committees on the model of the *Verein für Sozialpolitik*, and the following were specially mentioned:

1. On Labor.
2. On Transportation.
3. On Trade.
4. On Public Finance.

5. On Local Government.
6. On Exchange.
7. On General Questions of Economic Theory.
8. On Statistics.

And in the Resolutions the following topics were suggested to the Chairman of the Standing Committees, as subjects for reports:

1. Effect of Half-time Working on the Laborer.
2. The Normal Working Day.
3. Employment of Women in Factories.
4. Municipal Finance.
5. The Income of Public Works in Cities.
6. Rent in the United States.
7. National Railroad Commission.
8. Limitation of Suffrage as a Remedy for Abuses in Local Administration.
9. Effect of Transportation on the Laborer.
10. The Silver Question.

It was the opinion of some of our founders that detailed reports and recommendations would be made by the committees, and that these would be debated and have direct influence on public opinion and legislation.

The first committee to make a report was the one on Public Finance, of which Professor H. C. Adams was Chairman. This report was published as No. 6 of Vol. II, *Publications*, Series 1; and was entitled "Relation of Modern Municipalities to Quasi-Public Works." Other members of the committee were George W. Knight, Davis R. Dewey, and Arthur Yager; afterwards Charles Moore and Frank J. Goodnow. This committee sent out a "Questionnaire" in December, 1885. The idea, however, was that each member of the Association should belong to a committee and that the work of the Association would be essentially a work of committees; but

this idea was soon abandoned. One or two committees appointed did little work. In later years we find in the Council minutes references to Special Committees, which, however, seem also to have been designated as Standing Committees. Some of these made noteworthy reports. At the Cleveland meeting, December, 1895, a Special Committee was appointed to consider "The Scope and Method of the Twelfth Census." This consisted of Richmond Mayo-Smith, Chairman, Walter F. Willcox, Carroll D. Wright, Roland P. Falkner, and Davis R. Dewey. This committee gathered together a number of essays which were submitted with their report and later constituted a volume of over 600 pages, entitled "The Scope and Method of the Twelfth Census. Critical discussion by over twenty statistical experts." This volume is well known, and it is safe to say has exercised a very great and beneficent influence.

At the Eleventh Annual Meeting in 1889, a Committee on Colonies was appointed with Professor J. W. Jenks as chairman. This committee presented a report in 1900 together with essays which were collected and edited by the committee. It appeared as No. 3 of Vol. I, Third Series, August, 1900, under the title, "Essays in Colonial Finance, by members of the Association." The report was signed by Jeremiah W. Jenks, Chairman, Charles S. Hamlin, Edw. R. A. Seligman, and Albert Shaw. This committee had already made a preliminary report at the Ithaca meeting in 1898.

At the meeting held in Baltimore, December, 1905, we find in the minutes of the Council that there were then three Standing Committees for the study of special topics, *i. e.*, the Committee on Municipal Accounting and Finance, which had been appointed in 1900, with Frederick A. Cleveland as Chairman; the Committee on Index

Numbers, with Professor C. C. Plehn as Chairman; and the Committee on the Economic Position of the Negro, with Professor W. F. Willcox as Chairman. The Committee on the Negro, authorized by the Twelfth Annual Meeting, 1900, secured the presentation of several papers of great interest at the Fourteenth Annual Meeting in 1902.

The theory of special committees is stated in these words by Professor Charles H. Hull, in his report as Secretary to the Council at the Thirteenth Annual Meeting, December, 1900. "The theory of these Special Committees, as the secretary understands it, is that the Association makes no attempt to impose the work of a committeeman upon any member, but, wherever a sufficient and well-balanced group of members desires to take up some subject of investigation which promises results, the Council is inclined to give them its blessing, and the Publication Committee is likely to look with favor upon the proposal to print their report." It will be seen that this is a considerable departure from the original theory of the Standing Committees.

Another line of activity was the effort to encourage popular interest in economic questions by offers of prizes for essays on various economic questions of the day; these prizes performing an extremely useful purpose in their day, in awakening an intelligent appreciation of economics, in helping start at least a few young people in useful careers, and in attracting support to our Association at a time when the struggle for existence was keenly felt by those who had assumed the burden of our affairs.⁶

⁶ Among these prize essays special mention may be made of one. Amalie Rives, as she then was (now Princess Troubetskoy), had written some beautiful sonnets on children published in *Harper's Monthly Magazine* for May, 1889, under the title "Unto the Least

But the more purely scientific aspects of our activity soon gained the ascendancy. For this there were several reasons. We were generally too busy with other duties to develop the work of the Standing Committees. Our president had also and first of all his exacting duties as President of the Massachusetts Institute of Technology. Another officer of the Association was soon much occupied with his work as a member first of a municipal and later of a state tax commission. And these are typical cases. In our new country, we are engaged in "building up" processes and in making scientific work easier for those who follow us. We are building up departments and schools in our universities and institutions in our cities. And if institutions are the lengthened

of These Little Ones." These were equal, it seemed to me, to the child labor verses of Mrs. Browning. She had given the money received for them to our Association for a prize for the best essay on Child Labor. This prize was equally divided between Dr. W. F. Willoughby, now Assistant Director of the Census, and Miss Claire de Graffenried, for many years employed by the United States Bureau of Labor. These two prize essays appeared in The Publications of the American Economic Association, First Series, V, 1890. The amount of the prizes was \$100. Another prize essay was published in Vol. VIII, 1893, of the same series, and entitled, The Housing of the Poor in American Cities. The prize recipient was Dr. Marcus T. Reynolds, and the prize was \$300. In 1888 a prize was also given for the best essay on the evils of unrestricted immigration. In 1891 two prizes were awarded which had been offered in 1889: namely, a first prize of \$300 and a second prize of \$200 for the best and second best essays on women wage earners. The first prize was won by Miss Clare de Graffenried, and the second by Mrs. Helen Campbell. In 1889 still another prize of \$250 was offered by the late Thomas G. Shearman of Brooklyn, N. Y., for the best essay on state and local taxation of personal property in the United States. Another prize offered was one of \$500 for the best essay on the improvement of country roads and city streets. Prizes like these, while performing a useful service in their day, were soon discontinued, as it did not seem longer that this was exactly the best way for our Association to cultivate an interest in economics.

shadows, each of some one man, we may have satisfaction in contemplating our shadows. Otherwise we are at a marked disadvantage in comparison with men in a country like Germany, already so highly developed; or a country like England where there is a so much larger class of cultured men of independent resources. But another reason for our departure from following the more immediately practical course of activity is found in the development of other organizations devoted to special lines of economic reform, to all of which members of our Association belong. We thus think of the National Consumer's League, the Child Labor Committee, and the American Association for Labor Legislation; the latter certainly a child of ours.

Our Statement of Principles furnished motive power. It was held to for a very short time, always, it must be confessed, with opposition; and then after three years, when it was felt that it had accomplished its purpose, it was abolished by unanimous vote and absolutely without opposition. Our Association professed something which at the time was felt to be of significance, and it was greeted with enthusiasm because it was not colorless.

It has been said by some that the founders of the American Economic Association had absorbed German ideas and attempted to transplant them into American soil, and that this was an alien soil. This is undoubtedly erroneous, for our Association was essentially American in its origin and ideas. German influences have been felt and we are all thankful for German science, but, as Professor Farnam has clearly shown in his paper on the "Relations of German to American Economics"⁷ on the occasion of the celebration of the seventieth birthday of

⁷ Farnam, Henry W.: *Deutsch-amerikanische Beziehungen in der Volkswirtschaftslehre*.

Professor Gustav von Schmoller, these ideas of the founders ascribed to German influence are not un-American, particular reference being made to the opposition to *laissez-faire* and the expressions in favor of an active policy of government. Professor Farnam is quite right in his views that *laissez-faire* is not a peculiar American product. It is rather an exotic, and it is worthy of special note that we must look to the prairies of Illinois, swept by the free air of the Mississippi Valley, for the authorship of the constitution of the proposed Society for the Study of the National Economy, in which still more emphatically than in our own Statement of Principles we find proclaimed opposition to non-interference in economic affairs and the advocacy of very large and broad functions of government. What Germany did for us was, in the sense in which Socrates used the term, to serve as midwife, helping to birth the ideas which had been conceived under American conditions. We were impressed in the German universities by a certain largeness and freedom of thought, which was novel but very refreshing and delightful. Speaking for myself—and I believe for most of us—I may say that the idea of relativity as opposed to absolutism and the insistence upon exact and positive knowledge produced a profound influence upon my thought. I must not fail to mention the impression produced upon my thought (and again I believe I may speak for most of my associates) by the ethical view of economics taught by Conrad, by Wagner, and above all by Knies, under whom I took my degree. These economists had a sufficiently clear perception of the difference between ethics and economics. They had a feeling, however, that ethical influences should be brought to bear on our economic life, and they believed also that those ethical influences which were actually at work shaping

economic life to a greater or less extent should be examined carefully as existing forces. And, finally, it is doubtless safe to say that the warm humanitarianism of the German theorists moved the Americans of my day deeply. But we remained Americans whose intellectual life had been quickened by our own life in the atmosphere of the German universities.

The American Economic Association took a stand at its organization for entire freedom of discussion. We were thoroughly devoted to the ideal of the German university—*Lehrfreiheit* and *Lernfreiheit*; and we have not hesitated to enter the lists vigorously in favor of freedom when we have considered it endangered. Here there has been no apparent difference. Whatever opinions otherwise may have separated our members, we have stood shoulder to shoulder as one man for free discussion. But was this ever necessary? Rightly or wrongly, we did feel at first that it required a struggle to find a place in our academic life for free expression of our views. As to the condition of affairs which at least some of us believed to exist, it may not be inappropriate to quote from a letter which President Walker wrote under date of April 30, 1884.

“Perhaps no one has had more occasion than myself to feel the need of such moral support from fellow workers in political economy as might come from formal association and concerted action. When I first started out in 1874, I suffered an amount of supercilious patronage and toplofty criticism which was almost more than I could bear. Downright abuse would have been a luxury

“I have hit the Economic Harmonies pretty hard, I fancy, from the squirming; but all this is only destructive, and should but clear the way for serious, careful, productive work in economics.”

To ascertain better the feelings of our founders and to avoid attributing my own views to them, I have asked three of our members to answer the question: "What did the founding of the American Economic Association mean to me?" and I give the three replies from these three men who represent different shades of opinion. The first quotation is as follows:

"It is not easy for me to reply to your letter. I, no doubt like all the other of the younger men, was interested in giving voice to the need of scientific treatment of the economic problems of the day, and, above all, we wanted to protest against the one-sided views which were current at that time. So little attention was paid to the professional economist that I think we all felt it desirable to enhance the idgnity of the science. The founding of the Association meant a great deal to me. It brought me in touch with all men who were working on the subject, and the personal association was of the utmost possible value as a stimulus. I think we all did better work because of the Association."

The second correspondent writes:

"The establishment of the American Economic Association meant to me two or three things. In the first place, the opportunity of getting acquainted with men who had work in the same field throughout the country, which I regard as of very great value. Secondly, a chance by conference with them to see how far my own ideas were correct, or if I saw no reason to change them, how far I could hope for coöperation among my colleagues in helping to realize them.

"Like all other men, I found cause, through this intellectual attrition, to alter many of my views more or less, and on the other hand, by intercourse with these men, learned how to secure their support for my own ideas as far as we could agree upon them.

"I am quite convinced, moreover, that this coming together of the men at work in this field and threshing

out the questions on which there was difference of opinion, helped to develop an *esprit de corps* in the body as a whole which was a very real advantage to all of us and contributed some little to making our influence in the country as a whole more effective.

"The publications of the society, moreover, offered an opportunity to bring out things which at that time either could not have been published at all except at the expense of the writer, or would have received no attention, or at any rate not as much as they received in coming out as the publications of an organization like this.

"This organization served, moreover, to emphasize and put in a clear way before the public men the fact that modern economics was after all a new study. It was not simply a science which offered old solutions to new problems, but it had in it the promise and potency of life.

"These are things that occur to me upon a very brief reflection."

My third letter reads as follows :

"The attitude of those of us who went to Germany to study thirty years ago differed from the aims of the same men who later formed the American Economic Association, in that the former was negative while the latter was positive. I had little notion of what I was to get in Germany when I went, but I had very definite notions when I returned. I was tired of American politics and traditional religion, and even more disliked classical studies. It was craving for a broader view that lured me to Germany, and while there I learned to base my thought on the world's experience instead of conventional English ideas. The study of history did even more for me than that of economics. I came back in open revolt against the traditional concepts of our race and found the narrow self-satisfied attitude of the American very trying. The American Economic Association was a protest not only against the narrow English economists but also against the current political and social ideas. It has narrowed its functions since the Political Science Association and the Sociologists have split off from it. We

combined in ourselves all three of those functions, and the influence of the Association in its early days was as much in politics and sociology as in economics.

"The fruit of our efforts is not only the changes in the field of economics, great as it is, but also the social and political changes that were bound up with them. It is hard to reproduce this general attitude because we have all become specialists, but this broader viewpoint represents the attitude of those who strove to form the new Association."

The men who founded the American Economic Association look upon its foundation as the great event in American economics; but they recognize that they were but the medium through which deep currents of life found expression. Before the American Economic Association came into existence, there were comparatively few, indeed very few, professional economists in the United States; and, while there were a few noteworthy economic treatises and many able economic papers prepared by statesmen, we may regard the history of economic thought before this event as leading up to it, and the events of importance since its foundation may be regarded in the main as flowing from it. Eighteen hundred and eighty-five may be designated as our hegira. The American Economic Association is not to be looked upon as the sole creator of the thought-*forces* within our field, but it is one of the thought-*causes*. It is beyond question that had the Economic Association not come into existence we should have had a development of economic thought in this country; but it is certainly true that our Association has gathered together the thought-*forces* and has given expression to them. It has served as a stimulus to young and old. It has rewarded youth by recognition. It has been remarked by careful observers that the young men in economics who have been advanc-

ed during the past twenty years and more have very generally been those frequently seen at the meetings of the American Economic Association. Of those now prominent in economics in our country one after another has won his spurs at our annual meetings. I well recall one clearly marked typical case when one of the economists of the country presented a paper at one of our early meetings. Up to that time he had been little known and his place had not been assigned. After he read his paper he clearly took a position as one of the recognized American economists and has held it ever since. Our Association has thus been an arbiter of destinies.

Our Association has stimulated improvement in economic and statistical work. All who have followed our history will recall our critical treatment of the census office and the active part that we took in favoring the establishment of a permanent census bureau. We may fairly claim an appreciable influence in the improvement which is going on in the census work of the country. The work of railway reform is associated with our history. Railway problems have been discussed faithfully by men representing different points of view, and members of our Association are now engaged in bringing about improvements of value both to the railways and the general public. Our Association has been one of the forces in favor of sound money, helping the country to weather storms and to avert threatened evils. The trust problem has received fruitful discussion in our meetings, and our members have been among those who have thrown light on the scientific and practical aspects of industrial combinations. The good roads movement received an impetus in an able monograph contributed by one of our presidents. Social reform has been guided and stimulated by our efforts.

Our direct influence has been very largely exercised through our meetings and through our publications. It is difficult at this time to characterize the economic literature for which the American Economic Association has assumed responsibility, to the extent of publishing and mostly having directly evoked it. In speaking about our literature, we of the Association are really speaking about ourselves. And we lack the objectivity which will be easier for those writing let us say twenty-five years from now. One or two attempts have already been made to characterize recent economic literature. I am responsible for one, and Professor Fetter, long secretary of the Association, for a different one. One sketch took up our prominent writers and said something about their work, and the other attempted to trace recent developments of theory, speaking about the utility and value discussions, the controversies in regard to land and capital, and about the significance of changing industrial development which should be accompanied by corresponding development of concepts. All these discussions have been advanced by our Association.

One or two things of a general nature may be said and occur readily to me in looking through the titles of the monographs appearing in our first three or four volumes. We see at once, when we examine these titles, that the tendencies of economic thought have here early revealed themselves. Monographs precede books as articles precede monographs, giving us a development which may be characterized as "first the blade, then the ear, after that the full corn in the ear." The monographic stage is found in our publications first, and reveals tendencies. In Volume I we find the monograph by Dr. E. J. James on the relation of the modern municipality to the gas supply, followed in the second volume

by his monograph on the railway question. Here we find revealed lines of thought in regard to our public utilities which have been steadily developed, and which were in the main correctly traced out. In this same Volume I, we find two monographs on coöperation: namely, "Coöperation in a Western City", by Albert Shaw; and "Coöperation in New England", by Edward W. Bemis. In Volume II we find another monograph on coöperation, namely, "Three Phases of Coöperation in the West" by Amos G. Warner, and in this volume is also "Historical Sketch of the Finances of Pennsylvania", by T. K. Worthington. These monographs on coöperation and the one on the finances of Pennsylvania were written by students of mine in the Johns Hopkins University, and suggest a German influence, namely, the insistence on observation. I believe that all the founders of the American Economic Association, whether their writings were deductive or inductive, have taught their students in the phrase of Richard Jones, to "look and see." We have a rich development of descriptive monographs represented by this early work. In Volume II, we find a monograph on the early history of the English woolen industry, by W. J. Ashley, and one on the mediaeval guilds of England by Professor Seligman, thus starting a line of historical work.

In Volume III we have a very noteworthy monograph by Professor John B. Clark, entitled "Capital and its Earnings", in which we find the germs of his work since that time. This is a monograph which no one should neglect who wishes to follow the development of Professor Clark's theories.

As secretary of the Association for the first seven years of its existence, I was in a position to follow probably better than any one else the actual influence exerted

by our Association; and it is no exaggeration to say that it was a very great one, and very appreciable in the development of social control in our country. Our publications have gone to those persons in a position to exercise influence, and they have gone at the right juncture and produced an impression that is out of all proportion to the number of our members.

In our early days branches of the American Economic Association were formed in various parts of the country and served a most useful purpose in their time as leaders in the intelligent discussion of questions of theory and in the treatment of local economic problems. Each one was a centre of light and leadership. The following places among others had branches: Springfield, Mass.; Orange, New Jersey; Washington, D. C.; Buffalo, New York; Canton, Ohio; Galesburg and Geneseo, Illinois; Kansas City, Kansas. One of the most thriving of these branches was the Connecticut Valley Economic Association, with headquarters at Springfield, organized in January, 1886, probably the first one to organize; and three well known American Economists contributed to its success, namely, Professors J. B. Clark, F. H. Giddings, and Dr. E. W. Bemis.

Our Association has exercised an influence on foreign countries. In Glasgow it served as a stimulus for a local University Economic Association.⁸ From Oxford, England, came the suggestion made by a well known English economist of the formation of a local association

⁸In this connection the following quotation from a letter of Professor James Mavor, University of Glasgow, is interesting: "I duly received your kind favor enclosing Book of Constitution of The American Economic Association and have to apologize for failing to acknowledge your kindness forthwith. The book has been found of considerable use in suggesting a constitution for two associations quite recently established in Glasgow. One, 'The Uni-

in alliance with the American Economic Association, but finally the British Association was formed and our correspondence shows that our own Association served both as a stimulus and a model.⁹ The correspondence of the University Economic Association, promises to be a thriving institution, many of the best students, holders of fellowships, honor men, and assistant professors have joined it and are regular attendants at its fortnightly meetings. Economics have been so woefully neglected in this country that even this small mercy is to be thankfully received. Then the movement for the extension of University teaching among working people by evening lectures, etc., has resulted in the formation of an association at whose monthly meetings are read papers by University men and others for the most part on economic subjects.

"I should be exceedingly glad if an association on the lines of yours could be organized for Great Britain. This will soon be possible. The need for it is very manifest."

Under date of Oxford, England, January 20, 1887, a well-known English economist wrote that a "little working society of men interested in economics" had been created, and continued as follows: "And it has occurred to some of us who are acquainted with the existence of the American Economic Association, and who know such work as that appearing in the *Political Science Quarterly* and in the *Science Economic Discussion*, that it would be well if in some way we could join forces with the American Association. We feel that the American Association is doing most excellent work, for it is giving the results of German thought as seen by men who understand the English orthodox teaching and English and American circumstances . . . Perhaps you would do me the kindness to send the programme of the American Economic Association and any other information you may think useful; and at the same time say whether it would be possible to arrange some sort of affiliation or alliance." Finally, however, the British Economic Association was formed, and such an alliance did not seem feasible.

"The British Economic Association was founded November 20, 1890. On October 24th of that year Professor Alfred Marshall sent out from Cambridge a call for a meeting and in the circular of invitation he said:

"There are some who think that the general lines to be followed should be those of an English 'learned' society, while others would prefer those of the American Economic Association, which holds meetings only at rare intervals, and the membership of which does

secretary's office shows our influence as a stimulus in the life of similar associations in Australia and Japan.

One feature of our internal history was the Council, which kept in its hands the control of the Association, electing officers and conducting its affairs; only changes in the constitution being referred to the general body. Occasionally this was criticised as undemocratic and on its account one member resigned, but it seemed to be necessary at the first to prevent our organization from being captured by some economic sect or group of reformers. Our aim was always to elect to the Council all economists who attended our meetings and showed a serious interest in our work, also business and professional men in considerable numbers. The need of such precaution having passed, this arrangement has been dropped.¹⁰

Another interesting event in our internal history is the
not profess to confer any sort of diploma." *Pub. of the Amer. Econ. Assn.* Vol. VI, 166.

Dr. Albert Shaw, who gave an account of the formation of the British Economic Association in a communication to the American Economic Association, adds the following to the foregoing quotation from Professor Marshall:

"The meeting was as successful as its promoters could have wished. It was well attended, it was generous and tolerant in the tone of its discussions, and it brought together men of many different shades of opinion. To Americans it may justly be some ground of satisfaction that the new British Association agreed unanimously to organize itself upon the model of its American contemporary." *Pub. of the Amer. Econ. Assn.* Vol. VI, p. 166.

¹⁰ At a meeting of the Council in Chicago December 29, 1904, Dr. H. B. Gardner reported from the Executive Committee and Council that the Committee should take under advisement the amendment of the constitution in a manner involving the abolition of the Council. At the Baltimore meeting, December 28, 1905, such amendment was reported and adopted first by the Council and then by the general meeting of the Association on the same day. The Council then ceased to exist.

At first the minutes of the Council meetings were sent only to

position taken towards endowments. The Council at our Detroit meeting rejected the virtual offer of an endowment, it being feared by some that an endowment might come from sources that would prove embarrassing and would hamper our free development. The feeling was even expressed that we should from year to year be dependent upon our friends. It is possibly of some significance that the movement for an endowment came first of all from one connected with a state university and that the opposition sprang almost altogether from men associated with privately endowed universities. May I venture to suggest the question, Have we not now reached a period in our life when we could make use of the funds which an endowment would furnish and do so without danger, conscious or unconscious, to our scientific integrity?

It would not be right to close this paper without particular mention of our first president, Francis A. Walker, whom we delight to honor as one of our departed heroes. The men who established the Association felt at once and so surely that he was the natural president that no other name was even considered. He had occupied prominent positions in the country, and we looked upon him as a leader, who, as Bagehot said, had broken the crust and, far more than any other man, prepared the way for the development of future thought in economics in the United States. He was not selected because we necessarily agreed with his views, but because we looked upon him as a champion and emancipator.¹¹

the Council members, but afterwards they were printed with the Proceedings of the Association.

The Council had its purpose in the early days of the Association. Like some other features, it was abandoned when it had served its purpose.

¹¹ When I notified President Walker that he had been selected as President of our new Association, he wrote me a letter in which he

In 1892 the personnel of the Association was changed so far as the president and secretary were concerned, and the Statement of Principles was dropped. It had always been felt that the presidency should be an honor office and that our president should be changed frequently in order to enable us to give recognition to those who deserved recognition. Very reluctantly President Walker had retained the presidency for seven years because it was felt that in early days he could be of service in this office. In 1892 it was felt that the time for change had come. Moreover, it was felt that we should give recognition to gave expression to very warm feelings of gratitude on account of this recognition, and made it clear that his election had given him new hope and encouragement.

He told at still greater length what this signified for him at a dinner given to the Council members by Professor Seligman in New York in 1886. At my request Professor Seligman has very kindly written out his interesting recollections as follows:

"As to the remarks of President Walker at the dinner at my house, my recollection is pretty good. He stated that the formation of the Association was in his opinion an epoch-making event, and that before long the influence of the newer ideas in moulding American thought and statesmanship would be apparent. He desired, however, at that time especially to state how much the Association meant to him personally. He described to us in eloquent terms the sense of isolation that he had felt, the difficulties with which he had to cope, and the sense of depression that often overcame him in making, single-handed, the fight for what he called 'the independence of economic thought.' He referred to the scarcely veiled contempt on the part of the makers of public opinion of those days as especially galling; and he pointed out that their intolerance was comparable to that of the mediaeval church. He felt that the combined influence of all these men was calculated to prevent any generous or independent thought on the part of younger men, and he welcomed the formation of the Association as making possible a combined protest against the older ideals, and putting an end once and for all to this policy of contemptuous silence or of scarcely less contemptuous allusion. He went on to speak very modestly about his own attainments and preparation. He said that many of the younger men then sitting round the table enjoyed the advantages which he had been denied; that in especial they were

Professor Dunbar of Harvard, whom we all admired and liked personally. He was then not in robust health and the feeling was expressed that we ought not to delay in giving him the recognition which we felt was his due. There was not the slightest opposition, so far as I can recall, to his election, certainly no opposition whatever from those who were regarded as the more progressive members of the Association. I had been secretary for seven years, had done a great deal of hard work, and felt that someone else should then take the burden, and ventured to nominate Professor E. A. Ross, one of my former students, who seemed advantageously situated to care for the work of the secretaryship.

As already explained, our Statement of Principles was dropped without opposition and by unanimous vote after three years, because it was felt that it had accomplished its purpose. We differed among ourselves: in some thoroughly acquainted with the most recent advances of scholarship on the European continent, whereas he had to work out his way laboriously on the foundation of English economics. He predicted hence, that there would be a great renaissance of economic study in the United States, and he was proud to have been selected as the standard-bearer in this movement.

"This modesty on the part of Walker displayed itself on many occasions. I remember particularly the letter he sent me after the reading of my papers on 'Progressive Taxation' and on 'The Shifting and Incidence of Taxation', which were afterwards published by the Association. He stated that one of his fondly cherished hopes had always been to write a treatise on taxation from a point of view quite different from that to be found in English works. 'But,' he added, 'you are so very much better prepared for the task than I am, that I am only too glad to relinquish my plan in your favor.' I tried to urge him to reconsider his decision, and, as you may remember, I got him to write that very remarkable article on the Faculty Tax which appeared in the *Political Science Quarterly* in the early '90's; but on the main proposition he remained inflexible, and, on the contrary, encouraged me to go on. The same modesty and readiness to help others was, in my opinion, one of the chief characteristics of President Walker."

quarters, for example, a strong advocacy of deduction was found. One correspondent writes as follows: "In apparent opposition to this statement of diversity of belief, but yet in perfect harmony with it, is the fact that we all wanted a program of some sort so as to express more sharply our differences from the dominant school that we were opposed to and meant to fight to the last ditch. We knew we had a struggle before us, and we wanted no doubt as to our unity and who our enemies were. All this is perfectly true, and yet only a few years later when the victory was won, we no longer wanted a partisan attitude but one of scientific impartiality."

In recent years the history of the American Economic Association is largely the history of economic thought in the United States; and may this ever continue to be the case. Doubtless some of us who founded the Association in 1885 do not know nearly so much at fifty and fifty-five as we did at twenty-five and thirty. But young men have come forward and are still coming forward to instruct us. Let the young be tolerant—let them try to respect the fathers—"the old duffers"—remembering that even the youngest make mistakes and have still something to learn. Let the older men try to keep their eyes ever turned to the rising sun—the sun of science is ever dawning—and keep in close touch with those who come with morning faces bringing messages of hope and inspiration. We are catholic enough now for all honest scientific work and every different scientific method and viewpoint. We of fifty and fifty-five have learned to respect the work of the still older generation and none rejoice more heartily than we in the strength of the venerable fathers and in the honor that comes to them. May our scientific life be rich and diverse; may new points of difference arise to stimulate thought; but may we be

united in favor of the good, and ever cherish the broadest catholicity.

STATISTICS OF ANNUAL MEETINGS.

	<i>Date of Annual Meeting</i>	<i>Place</i>	<i>No. Members</i>	<i>Main Subjects Discussed</i>
1	Sept. 8-9, 1885	Saratoga, N. Y.		Organization.
2	May 21-25, 1887	Boston & Cambridge	300	The Railway Question.
3	Dec. 27-29, 1888	Philadelphia, Pa.	500	The Wages Question; Road Legislation; Economic Theory; Statistics.
4	Dec. 26-30, 1890	Washington, D. C.	635	Forestry; Railroad Rates; Social Economic Problems.
5	Aug. 24-26, 1892	Chautauqua, N. Y.	732	Taxation and Public Ownership; The Farmers' Movement; Statistical Investigations.
6	Sept. 12, 1893	Chicago, Ill.	781	Money; Distribution.
7	Dec. 27-29, 1894	New York	661	Labor Problems; Economic Theory.
8	Dec. 27-31, 1895	Indianapolis, Ind.	652	Theory of Economic Progress; Currency Problems.
9	Dec. 28-31, 1896	Baltimore, Md.	665	Economics and Jurisprudence; Agricultural Questions; Census Matters.
10	Dec. 29-31, 1897	Cleveland, Ohio	668	Labor Bureau Investigations; Taxation; Reform of the Currency.
11	Dec. 27-29, 1898	New Haven, Conn.	685	American Economic History; Banking and Currency; Wages and Interest; Labor Problems.
12	Dec. 27-29, 1899	Ithaca, N. Y.	745	Trusts; Railroad Problems; Speculation; Public Finance; Consumers' League; Twelfth Census.
13	Dec. 27-29, 1900	Detroit and Ann Arbor, Mich.	802	Commercial Education; Economic Theory; Taxation of Quasi-public Corporations; Competition; Municipal Accounts.
14	Dec. 27-29, 1901	Washington, D. C.	950	International Trade; Industrial Policy; Public Finance; Negro Problem; Arbitration of Labor Disputes; Economic History.
15	Dec. 26-29, 1902	Philadelphia, Pa.	1011	Trade Unions; Railway Regulations; Theory of Wages; Theory of Rent; Oriental Currency Problem; Economics and Social Progress.
16	Dec. 29-31, 1903	New Orleans, La.	994	Southern Agricultural and Industrial Problems; Social Aspects of Economic Law; Relations between Rent and Interest; Management of the Surplus Reserve; State Taxation of Interstate Commerce; Trusts; Theory of Social Causation.

STATISTICS OF ANNUAL MEETINGS.

	<i>Date of Annual Meeting</i>	<i>Place</i>	<i>No. Members</i>	<i>Main Subjects Discussed</i>
17	Dec. 28-30, 1904	Chicago, Ill.	1027	Theory of Money; Open or Closed Shop; Regulation of Railway Rates; Taxation of Railways; Preferential Tariffs and Reciprocity; Economic History of the United States.
18	Dec. 27-29, 1905	Baltimore, Md.	1032	Theory of Distribution; Government Regulation of Railway Rates; Municipal Ownership; Labor Disputes; The Economic Future of the Negro.
19	Dec. 26-28, 1906	Providence, R. I.	1040	Wages as Determined by Arbitration; Western Civilization and Birth Rate; Economic History; Government Regulation of Insurance; Trusts and Tariff; Child Labor.
20	Dec. 28-31, 1907	Madison, Wis.	1002	Economic Theory; Labor Legislation; Relation of the Federal Treasury to the Money Market; Public Service Commissions.
21	Dec. 28-30, 1908	Atlantic City, N. J.	1030	Making of Economic Literature; Collective Bargaining; Accounting; Labor Legislation; Employers' Liability; Canadian Industrial Disputes Act; Modern Industry and the Family Life; Agricultural Economics; Transportation; Tariff Revision; Money and Banking.
22	Dec. 27-30, 1909	New York, N. Y.	1360	The Theory of Wages; Problems of Country Life; Valuation of Public Service Corporations; Trusts; Taxation.

PRESIDENT DEWEY: Members, we have heard this historical account which has to do with the past. Some of it may seem like a dream to the younger members; part of it seems very far away to those of us who passed through it. Our Association has gone far, although it treasures in its memories the various stages we have passed through. The remaining addresses of the evening have to do with the work of the Association, with an eye toward the future rather than to the past.

If there is any one part in the educational machinery of the present time that scientists most dislike, and would like to get rid of, that is the presidency of our colleges.

The college presidency is robbing science of some of its ablest men, and one of the greatest sacrifices, we believe, which the subject of political economy has rendered is its gift to Yale University. We hope that President Hadley has not abandoned the work which he has formerly done in economics; that sometime he may be tired of the duties now imposed upon him, although we recognize their worth, but we also recognize that he can still be far more useful to our science with its great future.

I take great pleasure in introducing President Hadley of Yale University.

ARTHUR T. HADLEY: Mr. President, Ladies and Gentlemen: My paper, I feel, deals with the past rather than the future. I am one of the "old duffers" to which the last paper referred; and when it was first suggested that I should speak tonight at the meeting of the American Economic Association, it was naturally of retrospect rather than prophecy of the future that I thought: although I am still not without the hope that when I have finished my work as a college president, I may as a yet older "duffer" still be able to do some work in the field of economics.

But, this is a time for retrospects. At least, I was so informed by the committee of arrangements; and, if my speech appears to have too much of personal reminiscence or too little of the seriousness which befits an anniversary like this, I beg that you will put due share of blame on the committee.

As my mind travels back twenty-five or thirty years, I see our officers and ex-officers in scenes very different from those of today. Dr. Ely was trying, with indifferent success, to get the Johns Hopkins authorities to take a proper view of the importance of political economy.

Giddings was spending his days and nights in the office of the Springfield Union. Why he did not grow thin under the strain, or why his smile did not come off in adversity any more than it does in prosperity, was a perpetual marvel to us all. Seligman and Clark were the plutocrats. They were real, full fledged professors. When Clark wrote a book on "The Philosophy of Wealth", it seemed to those of us who were struggling with poverty in the various departments of journalism and politics and unrecognized teaching activity singularly appropriate that he should philosophize on a thing of which he had so much and the rest of us so little. An economist who was in receipt of a fixed salary, to last during good behavior, could hardly be expected to do anything else but philosophize on wealth. Nor is it the economists alone whose presence I remember at our meetings, whether regular or casual. We fraternized with historians, and even with educators. Ours was not an exclusive society. In the language of a club to which I then belonged, we demanded only high intellectual attainments, fair moral character, a philosopher's digestion, and financial responsibility up to the sum of one dollar.

We were just beginning to revolt from what was known in those days as economic orthodoxy. John Stuart Mill had stated so positively that the English economists of the first half of the nineteenth century had left nothing of importance to find out about political economy that people supposed that what he said must be true. "I am the greatest violin player in the world," said an applicant for a position as first violin, to the manager of one of our leading orchestras. "That is interesting, indeed," said the manager; "how do you prove it?" "Prove it! Why, I don't need to prove it, I admit it," said the vio-

lin player. That was the attitude of the orthodox economist fifty years ago. You deviated from traditional views at your soul's peril. Bagehot doubted whether competition always worked perfectly. A few years of purgatory might be enough for him. Walker disbelieved in the wage fund theory. He might possibly hope to get to heaven if he spent several thousand aeons in all the laborious circles provided by Dante. But as for those nameless iconoclasts who presumed to advocate governmental interference with industry, hell had no depths sufficiently deep in which to bury their eternal infamy.

We have indeed seen changes. The old economic orthodoxy is gone—too much gone, some of us think, who, after helping to break down the fences, are a little astonished at the havoc made by the cattle that have come in through the openings. Gone, too, is the philosophy on which orthodox economics was based, the general view of life of which the older political economy was a manifestation.

The change which we see in economic doctrine is not in its essence a change in methods of reasoning. It is not, primarily at least, the result of discovering specific errors in the deductions of the older economists. Some such errors there doubtless were; and the discovery of these has helped to accelerate the change. But on the whole—let this be borne in mind for the good of our souls—the English economists of two generations ago reasoned rather more correctly and a good deal more vigorously than the economists of any country at the present day. The fundamental thing which has altered, is the world's mental attitude. Until a comparatively recent time, economists, in common with all other men, wanted to reduce everything to a few general principles. People based their ethics on Bentham's formulas regard-

ing happiness. They based their psychology on Spencer's formulas regarding progress. They based their economics on Ricardo's formulas regarding freedom. But the twentieth century is inclined to reject this way of doing things. It prefers to judge events of every kind, not by their conformity to some philosophical formula, but by their practical effect in preserving the life of somebody or something. Has a code of morals kept the race that held it alive while others perished? If so it is good. Has a law or an institution advanced the nation that possessed it in the struggle for existence with other nations? If so it is justifying itself. But what if it interferes with happiness? What if it violates our traditional conception of morality? The tendency today—I do not know that I should call it more than a tendency—is to say that this proves our traditional conceptions of morality to be imperfect and our traditional ideas of happiness to be outworn.

The present generation for the first time has wrought the consequences of Darwinism into its philosophic thinking. Darwin said, biological and social types are the result of survival of the fittest. His successors took the next step, and said, the fittest types are those which prove their right to the term by survival. It was vain to resist this change. Mill and his friends might say, the fittest types are those which make for happiness, as I was taught in my childhood. Spencer might say, the fittest types are those which are the most highly organized, as I am teaching the world in my riper years. But the world has insisted on following Darwin; and present day economics is one of the results.

How large a part the Economic Association has had in producing these results it is hard to tell. If we attempt to measure the specific work which we have done,

we cannot without undue egotism claim to have changed the course of the world's history. But if we consider the indefinable influence and intangible effects of this organization, I feel sure that they have been very great. This, I think, has been its chief service. Before our organization the men who are working on modern lines were isolated. Take the case of the leader to whom we all looked with unequalled confidence and affection,—General Francis A. Walker. What this Association meant to him, both as a matter of personal enjoyment and economic productivity, no one can begin to estimate. Before its foundation he felt himself alone. After it was founded he stood among friends. Instead of finding himself more isolated in the face of hostile criticism, he had a forum for the sympathetic discussion of views, where the things that he said helped a hundred others and where he, in turn, was helped by what others said and did. What was true in the case of Walker was true in the case of many others. The increased influence of economists and statisticians in the public life of today, is in large measure due to the influence, direct and indirect, of this organization. *Non multa sed multum*. It is not the number of members which we have secured, nor the number of books and pamphlets which we have published, but the aggregate change in the attitude of the American people toward expert knowledge of economic affairs which this Association can claim as its great and significant achievement.

PRESIDENT DEWEY: Every family has an adventure-some spirit who goes out into the world and conquers difficulties and achieves success, but only rarely comes back under the roof-tree. When he comes, he brings a message of interest. Professor Laughlin we have not

too often with us, not as often as we should have liked to have him, or as often as we should have warmly welcomed him. We are glad that he is with us tonight and will next address us in regard to our work. Professor J. Laurence Laughlin, of the University of Chicago.

J. LAURENCE LAUGHLIN: Mr. Chairman, Ladies and Gentlemen: I assume I have been called upon as one of the "old duffers" who are represented as giving the teaching in the archaic age which you have heard so well described in the history of the American Economic Association by Dr. Ely.

I have today listened to an address by a president of one of the Associations who was my pupil; and another pupil of mine has been in the presidential chair of the United States and finished his term; and I might possibly go on, were it not that no professor should be held responsible for all the doings of all his pupils.

I assure you, Mr. Chairman and members of the Economic Association, that it is a great pleasure to me to be here tonight and to look back upon the many things that have happened in the development of economics during the life of this Association, and much within my own time. Especially is it a pleasure to be here and to realize what has been expressed this evening of the catholicity and openness to free discussion now assured to us in this Association, and throughout the country.

A young and lusty organization like this ought to have the freedom and range of a vigorous youth just entering on its period of achievement. Within my own short span I have observed its twenty-five years of youth, as well as the term of its predecessor, the Political Economy Club, which was organized at my initiative in 1883, founded

on the model of its English progenitor, and which had an interesting career as a dining club of economists within a limited territory on the Atlantic from Boston to Washington. Although in organization suited to a compact society like that of England or France, the Political Economy Club—even though it included men like Hugh McCulloch, David A. Wells, Horace White, Simon Newcomb, Francis A. Walker, Charles F. Dunbar, Charles F. Adams, and William G. Sumner—was not comprehensive enough for a country with an area as wide and with economic interests as diversified as those of the United States. The mere material growth of our country demanded a broad and catholic consideration of our miraculous progress in wealth, quite apart from the more important fact that after our Civil War an intellectual ferment began to work in economic thinking which has distinguished our country beyond all others; so that today the serious and eager attention given to economic studies in America, both in Academic and political life, is a phenomenon which excites the liveliest attention among economic students in Europe. Therefore, the variety of interests, the number of our problems, and the significant awakening in economic thinking are in themselves sufficient reasons for the existence of a country-wide organization of American economists.

The breadth of our economic development has left its mark on the constitution and activities of this American Economic Association. The narrow and special tenets contained in its initial constitution inevitably gave way to a more liberal charter; and this widening of its point of view in economics, is of that character out of which only true progress in intellectual achievement is possible. It is not out of agreements, but out of differences that we receive the greatest gain; and the very diversity

of region, institution, and environment represented in our membership is the best promise of its usefulness now and in the future. A policy based on points of view representing widely different interests is much more likely to be sane than one which might interpret the views of some limited region of our great country.

In a comparison of ideas coming from diverse sources and from varying kinds of training, there comes into operation a possible reversal of Gresham's law. In the intellectual free coinage of thinking, it is the better coin which drives out the poorer. In the exchange of ideas, where there is no fear or favor, it is the best which sets the standard. Here we have the true justification of an association like this in which all are equals, and in which no one asks for his views more than the currency given them by their content and incontrovertible value. Discussion is welcomed—full, frank, and free discussion. When men are isolated, or when forced to work out their results without attrition on the minds of others, it is the poorer intellectual coin which is likely to circulate. Without contact with the better standards, the poorer remains in circulation in the undisturbed haunts of local provincialism. It is in an association like this, where any man can test his thinking against that of any other, that the survival of the best is inevitable.

The unquestioned service which the American Economic Association renders to us all is to provide us with a testing ground for all our inventions; to find out what is weak and what is strong in our performances. What gives us confidence is the belief that the decisions are given without collusion or favor; that we are all standing on a level, and all have an equal chance. If the belief ever became fixed that the dice were loaded, that manipulation by a political machine were regulating the affairs

of an association like this, its usefulness would be at once seriously impaired. It is the vigor of its youth, the breadth of its thinking, the fairness of its discussions, the high quality of its leadership, which means everything for our future.

It is of especial advantage that the smaller colleges all over the land should be represented in our organization. They come close to the heart of the communities, the real basic elements of our economic life, on which, in any final analysis, our future as an economic power really depends. The larger institutions may set the standard and excite to research, but the economists in the smaller colleges must always remain the active purveyors of general instruction to the body of the people. At any one moment, it is not what the few investigators think, but what the great class of college instructors, together with our journalists, think and teach, which determines what the public shall believe, and thereby what our state and national legislation shall be. These laborers working in the vineyards even at high noon, overburdened and underpaid, are worthy of their hire and of our unstinted admiration.

Perhaps we have not had, as an association, as great and direct an influence as we should have upon the national economic policy. It is a question whether our lives and our thinking have not been too much detached from the concrete problems of the business world, thereby resulting in an unnecessary limitation of our influence. But, more likely, something of the disregard and condescension with which we are looked upon by the world of business is to be attributed to our own fondness for metaphysical subtleties. It is a curious fact, however, that in Germany, the most theoretical country in the world, the economic teaching is excessively practical, while in the

United States, the most practical country in the world, the economic teaching is excessively theoretical. Is it not possible that there is with us a maladjustment of our intellectual powers to our economic opportunities? This suggestion is not to be taken to mean that a body of economic principles is of second importance; on the contrary it is of the first importance. Paradoxical as it may sound, our ends, no matter how practical, must be solved by means which are theoretical. But that which is theoretical is not necessarily obscure; and, if we are to obtain and hold the leadership in economic instruction, especially among business men, we must learn the trick of clear and direct exposition. Sooner or later, the incomprehensible metaphysical nomenclature must come to be regarded as a kind of intellectual cypher, to be read only by the experts, but to be always translated for the general student into the English of ordinary communication.

The time has gone by when competence in economics can be regarded as the monopoly of any few economists, however seasoned by authority, age, or experience. Too many trained, strong minds are now eagerly engaged in the economic field to warrent any complacency by a few. Moreover, it is not merely the constitution of England that is "in the melting pot"; the whole economic future of our country is also now "in the melting pot." The tariff, our monetary and banking system, business organization, the position of the workingmen, have been thrown into the crucible, and are to be refashioned. Here are titanic questions. Are we of the stuff to meet these tasks? No longer can our civilization, our productive power, our leadership be said to be confined to the narrow strip on the Atlantic seaboard. Vigor of economic thinking is to be looked for in the newer West quite as much as in the older East. The smaller institutions of the West and the South

must be reckoned with more in the future than in the past in the work, and guidance, of this Association. More and more we must lean upon them for the moulding of a sound public opinion in economics. To meet the great tasks laid upon us in forming our national economic policies, this Association must know and share the life of the whole—not a part—of our wide civilization.

PRESIDENT DEWEY: During the past twenty-five years, those of us who have visited London found a friend who generously helped us in our professional errands of investigation; and by his books he has stimulated us through the treatment of his subject in a deep and profound spirit. Now, this friend for whom so many of us have a warm, personal affection, has, for a short time, transferred his residence to this continent. We wish he were nearer than Ottawa, but we are glad that we have been able to persuade him to be present with us. I have great pleasure in introducing Mr. James Bonar, Deputy Master of the Canadian Branch of the Royal Mint.

JAMES BONAR: Mr. President, Ladies and Gentlemen: Your kind hospitality has made this an international gathering, as I see representatives not only from all parts of the New World, but all parts of the civilized world. I cannot pose, myself, as a representative of England, as I have been two and a half years away from it, nor could I represent England here tonight, as England has a more distinguished representative in the person of Mr. Higgs. I could not represent Canada, as I have been there only two and a half years. I stand here as an individual who has received much help and friendship from the members of this Association during its period of life, from the beginning onward. And I am glad of

the opportunity of expressing my gratitude; even if I said nothing more and sat down, I should still feel I had relieved my mind by expressing my gratitude to you all.

I think it is one of the great functions of such an association to form such friendships, for I consider where mutual help is followed by friendship it is much more effective and lasting.

One collateral effect of that in the case of this Association, and also in the colonies generally, is that it mitigates the rancor of debate—I was about to say the ferocity of debate—but the discussion here never rises to any such stage, as economists are philosophers. When they quarrel, they quarrel as men do who know they are one day to be reconciled.

Our friends the philosophers will say, "It is all very well for you to be moderate and temperate in debate, you never get below the surface." Well, there is a little truth in that. We do not try to get down so deep as they do, but some of our problems affecting the daily bread of millions are tolerably vital. But the real reason was mentioned by Professors Hadley and Laughlin as absolutely vital to us. We can think over an idea in our studies, and, having thought it out, we must discuss it; and that necessity for discussion and testing is laid upon the economists more than upon any other student of human nature. And since we feel every day the pressure of criticism and discussion as we feel the conditions which we are discussing, criticism and discussion do not irritate us; and so we do not use such intemperate language as other men.

This discipline of thought followed by discussion, to which you have been inducing such large numbers of young persons of both sexes in this country to submit, is a very unique phenomenon; and that phenomenon of

a vast number of young men engaged in studying political economy is one of the wonders of the New World to anyone coming from the Old World.

I think nothing so strikes the economist from the Old Country when he comes to America as finding such large numbers of professors who are ready to teach, and so many students who are eager to learn. We find no such numbers in England or in Canada. It is one of the phenomena of the New World. This phenomenon is of vast importance for the welfare of the country, not only morally but intellectually and politically, for as said by others of my friends, the philosophers, "We may doubt whether it is wise to have a philosopher for a king," but no one in this room but believes that it would be a boon to have an economist for a king. When you see that vision fulfilled fifty years from now, then I know it will be at once a cause and an effect of the prosperity of this Association.

Before I sit down, I should like again to congratulate the Association on its longevity. My friend, President Dewey, wanted no one to get up on this platform who was not willing to praise the Association; and I should like to give my humble congratulation to the Association on this anniversary of its longevity.

When you have so many youth preparing to take up the torch of knowledge and liberty, you may be sure that, whatever happens to this country in the future, this body of young men will also, as far as in them lies, bear a message of peace and good will, rather than the contrary. I do not think I can add anything to what I have said further than to reiterate my appreciation of your kindness and hospitality. I wish I had the eloquence of Gladstone or Cicero to express my views. To the individual members of the Association, particularly the older

ones whom I have known, I wish to express my appreciation, but also to all of the members of the Association, as a humble unit benefited in many ways by the American Economic Association. To the President I express my gratitude, as well as to you all, for allowing me to take part in celebrating with you this occasion.

PRESIDENT DEWEY: We expected President James, of the University of Illinois, who had so much to do with the founding of this Association, to be present with us to-night. Unfortunately, he is ill, but he has kindly commissioned his son, who comes from the University of Illinois, to bring a written message. Mr. Herman James will therefore read a brief message from his father, one of the founders of our Association.

EDMUND J. JAMES: I cannot undertake to speak definitely as to the men who may have first suggested the organization of the American Economic Association. I can only give an account of my own connection with this movement, and whether it will appear to have been earlier or later than that of somebody else will be evident from the accounts which other men may give of their own experience and their own work.

I believe that I was one of the first of the Americans of my generation to go to Germany for the purpose of studying economics and politics. With Professor Joseph French Johnson, now Dean of the New York University School of Commerce and Accounts, I landed in Germany the first of August, 1875; and we two entered the University of Halle on the 15th of October following. A few months after, Dr. Simon N. Patten of the University of Pennsylvania, turned up at the same institution, and a year or two later Dr. Richard T. Ely, Professor of Economics in the University of Wisconsin. About the

same time other men went to other institutions, and the middle of the 70's, therefore, may be properly characterized as the time when Americans began to resort to Germany for the study of these problems.

The *Verein für Sozialpolitik* had just gotten fairly to work, having been organized in October, 1872. Dr. Johannes Conrad, Professor of Political Economy in the University of Halle, called the attention of his students to this organization and its work in one of his lectures, dwelling upon the causes which had led to the establishment of this organization in order to find a voice for new sentiments and new developments. It represented a protest against the extreme tendencies of the so-called orthodox school and *Manchesterthum* as represented by the *Volks-wirtschaftlicher Kongress*.

I remember very distinctly Conrad's speaking to us Americans who were in his seminary one evening, urging us to organize a similar association in the United States upon our return, emphasizing the fact that times were changing. The old order was passing away, and if economic students were to have any influence whatever upon the course of practical politics, it would be necessary to take a new attitude toward the whole subject of social legislation, and if the United States were to have any particular influence in the great social legislation and the great readjustment of society on its legal side which seemed to be coming, an association of this sort would have very real value. I decided then that, as soon as I could, I would begin the agitation for such an association.

For the first five or six years after my return to the United States, I was engaged in secondary school work and could give to the further development of my economic studies only a very small portion of my time.

Finally, in 1883, I broke away from secondary school work and spent some months in Europe, again preparing to take up college work. In February, 1883, I made a visit to several of our leading American institutions. I remember very well on this occasion having held interesting and, to me, very profitable conferences with Henry Carter Adams of Michigan, Arthur Latham Perry of Williams, Dunbar and Laughlin of Harvard, John B. Clark of Smith, Sumner and Farnam of Yale, Francis A. Walker of the Massachusetts Institute of Technology, Smith and Seligman of Columbia, Richard T. Ely of Johns Hopkins, and Robert Ellis Thompson and Albert S. Bolles, Jr., of Philadelphia; and with all of them I raised the question whether the time had not come for the organization of an economic association of the sort suggested above.

I found a general agreement that possibly such an association might do useful work, but in some cases also the view that the American Social Science Association practically performed the only available function of such an organization.

Upon my return from Europe in the autumn of 1883 I entered the University of Pennsylvania, and here I took up again at various times the agitation in favor of a new organization which should have quite a different attitude toward our economic problems from that which was characteristic even of the Social Science Association, broad and liberal as that was.

My own feeling then—and I may say it has not altered since—was very strongly in favor of an organization with a definite program and platform,—that is to say, as definite a program as the *Verein für Sozialpolitik* had; a declaration, if you please, that the time had come for a new attitude and a new outlook and the elaboration of

a program, if possible, upon which those economists who were willing to join in such an association could agree.

I am free to say that I found but little sympathy for this particular proposition, and, when it was evident that I could not secure the coöperation of any large number of men upon the basis which I proposed, I was quite willing to do the next best thing, and join in with other men and do what I could toward making an organization of the economists upon another basis, believing that in the long run time and tide and circumstance would be on my side and in favor of my views.

While we were thus discussing among ourselves on many occasions and with many different men this project of an economic association, I worked out in some detail with Dr. Patten a scheme for such a society as I had in mind. The program was elaborated during the winter of '84 and '85, and sent around to a good many friends as a suggested basis for action. Dr. Ely has given in his address this evening the project submitted at that time.

From that time on I did what I could to assist in the organization of an association which subsequently became the American Economic Association. I had the honor of being the chairman of the committee which drafted the constitution, was present at the first meeting, and did what I could for the first seven or eight years to give the organization an impetus. I was elected second vice-president for the first year, and made chairman of the Standing Committee on Transportation.

I believe that the Association has done good work. It was of special value to me as a means of getting acquainted with my colleagues, of presenting to them for discussion and criticism my ideas upon various subjects which were considered. It was a means of magnifying,

so to speak, the calling of the academic economist and securing for his position a place of respect in the public mind at large.

I should not feel that I were doing full justice to the facts in the case if I did not emphasize, what I have taken opportunity to say on many different occasions, that the Economic Association and the economists of the country owe a great debt to Richard T. Ely, the first secretary of this Association, for his untiring industry and devotion, as secretary to the society. He was the efficient, administrative officer of the organization and laid us all under a debt of obligation. Without him I do not believe that the Association would have been formed at that time or succeeded so well.

PRESIDENT DEWEY: That concludes the addresses of the evening. The next thing in order is the business meeting of our Association.